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December 9, 2010

VIA ELECTRONIC-DELIVERY

The Honorable Jocelyn G. Boyd
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Petition of Duke Energy Carolinas, LLC for an Accounting Order to Defer Certain Environmental Compliance Costs at Unit 5 of the Cliffside Steam Station
Docket No. 2010-392-E

Dear Ms. Boyd:

The purpose of this letter is to inform the Public Service Commission ("Commission") that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing. Duke Energy Carolinas, LLC requests to defer, as a regulatory asset, certain incremental costs in connection with the addition of the Cliffside Unit 5 Steam Station flue gas desulfurization equipment ("scrubber") related to environmental compliance which was placed in service on October 12, 2010. These incremental costs include depreciation, cost of capital, property taxes, and related incremental non-fuel operation and maintenance expenses. Based on this review, ORS has no objection to the proposed deferral.

Sincerely,

John W. Flitter

JWF/swh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Chief Counsel, SC ORS
Shannon Bowyer Hudson, Esquire, SC ORS
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